

**GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA**

STARRED QUESTION NO:41
ANSWERED ON:20.02.2003
FDI IN PETROLEUM SECTOR
GADDE RAMAMOCHAN;NARESH KUMAR PUGLIA

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a): whether the Government have taken certain measures to increase foreign direct investment in the petroleum sector;
- (b): if so, the extent of present foreign direct investment in the petroleum sector in the country; and
- (c): the targets proposed for FDI in Petroleum Sector?

Answer

MINISTER OF PETROLEUM AND NATURAL GAS (SHRI RAM NAIK)

(a) to (c) : A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF LOK SABHA STARRED QUESTION NO. 41 ANSWERED BY SHRI RAM MOHAN GADDE AND NARESH PUGLIA TO BE ANSWERED ON 20TH FEBRUARY 2003 REGARDING I PETROLEUM SECTOR

(a) to (c). With a view to attract more foreign direct investment (FDI) into the various areas of petroleum sector, the Government have been liberalizing this sector on an ongoing basis. Important measures taken by the Government in this regard include:

1. Under the New Exploration Policy (NELP) and the Coal Bed Methane Policy (CBM), FDI up to 100% has been allowed through international competitive bidding.
2. In petroleum refining sector, in case of private Indian companies, FDI is permitted up to 100%. In case of Public Sector Undertakings (PSUs), up to 26% FDI is allowed with PSU holding at 26% and Public holding at 48%.
3. For petroleum product pipeline sector, FDI is permitted up to 51%.
4. FDI is permitted up to 74% in infrastructure related to marketing and marketing of petroleum products.
5. 100% Wholly Owned Subsidiary(WOS) is permitted for the purpose of market study and formulation.
6. 100% WOS is permitted for investment/financing.
7. For actual trading and marketing, minimum 26% Indian equity is required over 5 years.

During the Ninth Five Year Plan (1997-2002), 166 proposals have been approved in petroleum sector with an estimated FDI of Rs.23,413.63 crore. There are no specific targets for FDI flow into the Petroleum Sector.